

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, Ca 95814

November 27, 1984

ALL COUNTY INFORMATION NOTICE NO. 1-106-84

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: STEPHENS vs. McMAHON
SHAW vs. McMAHON

REFERENCE: ALL COUNTY LETTER 84-109

This is to inform you that on November 8, 1984 a judgment was issued by the Superior Court of San Diego County in the case of Stephens vs. McMahon. A copy of the judgment is attached.

This judgment requires the Department to define one-time windfall payments such as personal injury payments, workers compensation (but not to the extent they represent back wages), gifts, inheritances, lottery winnings, damage claim settlements, and insurance death benefits as resources in the month received and, thereafter, to the extent they are retained. Therefore, cases with these types of payments will not have the lump sum period of ineligibility applied (EAS 44-207.4) and may remain eligible for aid if their resources are below the resource limit on the first of the month following receipt of the lump sum payment. Lump sums of money still subject to the lump sum income regulation will include only those lump sums representing current earned or unearned income that have accrued and would have otherwise been paid on a regular recurring basis, but for some delay (e.g., back wages, Social Security benefits, or retroactive unemployment insurance benefits).

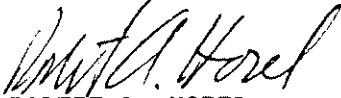
The Department will be issuing an All County Letter to require counties to recompute eligibility and benefits for adverse actions taken on windfall lump sum cases for all AFDC FG & U cases from October 1, 1984 forward. These actions include denials, terminations, grant reductions, and suspensions. Counties will be required to locate these cases (which should have been flagged in response to ACL 84-109). In the recomputation the windfall lump sum payments will be considered a resource.

With respect to windfall lump sum actions taken prior to October 1, 1984, but resulting in periods of ineligibility or grant adjustments continuing past October 1, 1984, counties will be asked to make adjustments only in response to applications. SDSS will be mailing Medi-Cal stuffers to current and former recipients March 1, 1985 and providing posters to CWDs in order to inform persons of the need to apply. A future All County Letter will provide you with the procedures you will need to follow when you receive applications.

In addition, the Department will be processing emergency regulations to change the treatment of windfall lump sum payments from income to resources.

Because the Shaw case has not been finally settled, you must continue to flag all federal AFDC FG & U cases/applications which are impacted by the application of the lump sum rule. In addition, we have determined that all RCA/ECA cases impacted by the lump sum rule must also be flagged.

We will keep you informed of further developments. If you have any questions, please contact Bob Stipe, AFDC Program Development Bureau at (916) 324-2012.



ROBERT A. HOREL
Deputy Director

Attachment

COLLEEN FAHEY FEARN
ANSON B. LEVITAN
LEGAL AID SOCIETY OF SAN DIEGO, INC.
110 South Euclid Avenue
San Diego, CA 92114
(619) 262-5557

NOV 8 1984
BY J. STANLEY D. HARTY

Attorneys for Plaintiffs (Continued on next page)

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN DIEGO

MARY STEPHENS, NORMA JEAN SMITH,) CLASS ACTION
SHARON SUTTON, ELEANOR CUNNINGHAM,)
JUDITH WOODS, JACKIE CATRON,) CASE NO. 528583
PATRICIA MC CARTNEY, MAXIMO)
NAVARRETTE, SUSANNA RINCON,)
DELADER BUTLER, NATALIE JACKSON,)
HELEN FRENCH, ROBERT WALSH,) SUPPLEMENTAL ORDER
JANET ELLIOTT, FAUSTO OSUNA,)
ROSA VOLSTORF, TAMIE SHAW,)
DOTTIE ELDER, ROSE HILL, MELODY)
CUNNINGHAM, ESTHER LEYVA, SHARON)
CALFIOR, SARAH JONES, MYRTICE)
MC CARDIE, DONNA GONZALES,)
MARIE WISE, WELFARE RIGHTS)
ORGANIZATION OF SAN DIEGO, and)
CALIFORNIA WELFARE RIGHTS)
ORGANIZATIONS,)
Plaintiffs,)
vs.)
LINDA MC MAHON, Director of the)
Department of Social Services of)
the State of California; DEPARTMENT)
OF SOCIAL SERVICES OF THE STATE OF)
CALIFORNIA; MICHAEL FRANCHETTI,)
Director of Finance of the State of)
California; and the DEPARTMENT OF)
FINANCE OF THE STATE OF CALIFORNIA,)
Defendants.)

1 MELINDA BIRD
WESTERN CENTER ON LAW AND
2 POVERTY, INC.
3535 West Sixth Street
3 Los Angeles, CA 90020
(213) 487-7211
4
5 EVELYN FRANK
LEGAL AID SOCIETY OF ALAMEDA
COUNTY
6 2357 San Pablo Avenue
Oakland, CA 94612
7 (415) 464-4376
8
9 ELIZABETH ARNOLD
JANE KERR
CONTRA COSTA COUNTY
LEGAL SERVICES
10 1017 MacDonald Avenue
P.O. Box 2289
11 Richmond, CA 95802
(415) 233-9954
12
13 GARY SOLBERG
LEGAL SERVICES OF NORTHERN
CALIFORNIA, INC.
14 Shasta Regional Office
1370 West Street
15 Redding, CA 96001
(916) 241-3565
16
17 CASEY S. MCKEEVER
WESTERN CENTER ON LAW AND
POVERTY, INC.
18 1900 "K" Street, Suite 200
Sacramento, CA 95814
19 (916) 442-0753
20
21
22
23
24
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27
28

1 On reading the complaint, exhibits, supplemental declara-
2 tions, and the Stipulated Judgment on file in this action, and
3 having it presented to the satisfaction of this Court that the
4 parties agree that immediate injunctive relief for certain named
5 plaintiffs and persons identified in Addendum A of the Stipulated
6 Judgment shall be granted, now, therefore;

7 IT IS HEREBY ORDERED that Defendant McMahon, Director of
8 the State Department of Social Services, her successors in office,
9 officers, servants, employees, agents, representatives, and all
10 other persons acting in her behalf and subject to her control
11 and/or supervision, including County directors of the relevant
12 County Welfare Departments, will refrain during the pendency of
13 implementing the Stipulated Judgment from continuing to apply the
14 old lump sum rule to the lump sum payments of certain named plain-
15 tiffs and individuals named in Addendum A of the Stipulated Judg-
16 ment and specifically identified below:

17 MARY STEPHENS, of Santa Clara County;

18 NORMA JEAN SMITH, SHARON SUTTON, ELEANOR CUNNINGHAM,
19 NATALIE JACKSON, ESTHER LEYVA, KIMBERLY HANSON, MARIA ESTEVES,
20 FAUSTO OSUNA, ROSA VOLSTORF, KEVAN MARIE BRADY, LINDA ELLEN TYNER,
21 and MELODY CUNNINGHAM, of San Diego County;

22 JUDITH WOODS and ROBERT WALSH, of San Joaquin County;

23 JACKIE CATRON, PATRICIA MCCARTNEY, SUSANNA RINCON,
24 DELADER BUTLER, and TAMIE SHAW, of Contra Costa County;

25 JANET ELLIOTT and ROSE HILL, of Alameda County;

26 MAXIMO NAVARRETTE, of Santa Barbara County;

27 HELEN FRENCH, DEBORAH STEFFEY, and CANDICE SCOTT, of
28 Shasta County;

1 DOTTIE ELDER, EDIE DOREEN BENNETT, DEBBIE NIX, and
2 GLORIA HANSEN, of Yuba County;
3 WILLIAM THOMPSON, of San Mateo County;
4 EVELYN MARTINEZ, of Los Angeles County;
5 PAGE ARMSTRONG, of Sacramento County; and
6 MARY RICHARDS, and DORIS and MICHAEL LANGDON, of Humboldt County.

7 IT IS FURTHER ORDERED that defendant shall effectuate
8 this order by immediately granting AFDC benefits to the above-
9 named persons, if eligible, and immediately cease recouping AFDC
10 benefits from FAUSTO OSUNA, ROSE VOLSTORFF, and MELODY CUNNINGHAM,
11 of San Diego County; ROSE HILL of Alameda County; and DOTTIE ELDER
12 of Yuba County.

13 IT IS FURTHER ORDERED that the above-named defendants
14 shall effectuate this order by contacting their agents and
15 employees, the County Welfare Departments of Alameda, Contra Costa,
16 Los Angeles, Placer, Santa Clara, San Diego, Santa Barbara, San
17 Joaquin, Shasta, San Mateo, Sacramento, Humboldt and Yuba Counties
18 within 24 hours to inform them of this order and to instruct them
19 to immediately continue, grant, or reinstate the AFDC benefits of
20 the individuals named above, and to cease recouping from the
21 individuals named above.

22 Let the above order issue without plaintiffs filing a
23 bond.

24 Dated this 8th day of November,
25 1984, at San Diego, California.

26
27 WILLIAM T. LOW

28 JUDGE OF THE SUPERIOR COURT,
SAN DIEGO COUNTY.

COPY

COLLEEN FAHEY FEARN
ANSON B. LEVITAN
LEGAL AID SOCIETY OF SAN DIEGO, INC.
110 South Euclid Avenue
San Diego, CA 92114
(619) 262-5557

F I L E
Robert D. Zimmet, Clerk

NOV 8 1984

BY _____
CLERK DEPUTY

Attorneys for Plaintiffs (Continued on next page)

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN DIEGO

MARY STEPHENS, NORMA JEAN SMITH,)	CLASS ACTION
SHARON SUTTON, ELEANOR CUNNING-)	
HAM, JUDITH WOODS, JACKIE CATRON,)	CASE NO. 528583 ⁸
PATRICIA MC CARTNEY, MAXIMO)	
NAVARRETTE, SUSANNA RINCON,)	STIPULATION FOR JUDGMENT
DELADER BUTLER, NATALIE JACKSON,)	WITH ORDER
HELEN FRENCH, ROBERT WALSH,)	
JANET ELLIOTT, FAUSTO OSUNA,)	
ROSA VOLSTORF, TAMIE SHAW)	
DOTTIE ELDER, ROSE HILL, MELODY)	
CUNNINGHAM, ESTHER LEYVA, SHARON)	
CALFIOR, SARAH JONES, MYRTICE)	
MC CARDIE, DONNA GONZALES,)	
MARIE WISE, WELFARE RIGHTS)	
ORGANIZATION OF SAN DIEGO, and)	
CALIFORNIA WELFARE RIGHTS)	
ORGANIZATIONS,)	

Plaintiffs

vs.

LINDA MC MAHON, Director of the
Department of Social Services of
the State of California, DEPART-
MENT OF SOCIAL SERVICES OF THE
STATE OF CALIFORNIA; MICHAEL
FRANCHETTI, Director of Finance
of the State of California; and
the DEPARTMENT OF FINANCE OF THE
STATE OF CALIFORNIA,

Defendant.

///

- 1 MELINDA BIRD
- 2 WESTERN CENTER ON LAW AND
- 3 POVERTY, INC.
- 4 3535 West Sixth street
- 5 Los Angeles, CA 90020
- 6 (213) 487-7211
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- 8 EVELYN FRANK
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- 10 COUNTY
- 11 2357 San Pablo Avenue
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- 15 ELIZABETH ARNOLD
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- 26 CALIFORNIA, INC.
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- Redding, CA 96001
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- WESTERN CENTER ON LAW AND
- POVERTY, INC.
- 1900 "K" Street, Suite 200
- Sacramento, CA 95814
- (916) 442-9753

1 WHEREAS, a parties to this action, n order to avoid the
2 expense, time and effort of further litigation, hereby stipulate
3 and agree as follows:

4 1. The defendant McMahon agrees to amend Departmental regu-
5 lations to provide that "lump sum income", as set forth in
6 Welfare and Institutions Code Section 11157, shall not include
7 "windfall" lump sum payments. Examples of "windfall" lump sum
8 payments include, but are not limited to, personal injury payments,
9 workers' compensation payments (but not to the extent it represents
10 back wages), gifts, inheritances, lottery winnings, damage claim
11 settlements, or insurance death benefits. Such payments shall not
12 be considered lump sum income. Departmental regulations, insofar
13 as they do not make the above distinction, shall be referred to
14 herein as the "old" lump sum rule. The above distinction shall
15 be known herein as the "new" "lump sum rule."

16 2. The defendant McMahon will cease applying the old lump
17 sum rule and set aside all actions (applications, reapplications,
18 annual reassessments, other reassessments, reductions, terminations,
19 suspensions, overpayment determinations, pending appeals and suits
20 for judicial review) as of October 1, 1984, that deny AFDC eligi-
21 bility or grant amounts to recipients or applicants on the basis
22 of the old lump sum rule and will determine eligibility and grant
23 amounts effective October 1, 1984, based upon the new lump sum rule.

24 3. The defendant McMahon will set aside all such actions
25 mentioned in paragraph 2 above made after April 1982 denying
26 eligibility or grant amounts on the basis of the old lump sum rule
27 to those recipients and applicants who are named plaintiffs in
28 this action or whose names appear on Addendum A attached to this

1 stipulation and provide restitution to such persons insofar as
2 they would have been eligible for AFDC benefits or grant amounts,
3 but for the application of the old lump sum rule.

4 4. The defendant McMahon will disregard all such actions
5 mentioned in paragraph 2 above taken after April 1, 1982, for
6 current or former AFDC applicants and recipients who were denied
7 aid; had a period of ineligibility; or have had or are having
8 their grants reduced on or after October 1, 1984. The defendant
9 shall determine their eligibility for AFDC from October 1, 1984,
10 forward without regard to the old lump sum rule if notice issues
11 as provided in § 6(f) and claimants apply within two (2) calendar
12 months from the date of the mailing of the notice. For claimants apply-
13 ing after two (2) calendar months from the mailing date of the
14 notice, all actions based on the old lump sum rule will be stopped
15 prospectively and eligibility and grant amounts will be based on
16 the new lump sum rule. Such claimants will be processed according
17 to the existing beginning date of aid rules.

18 5. The defendant McMahon will, on an expedited basis, vacate
19 the administrative hearing decisions of:

20 MARY STEPHENS in the case of "In The Matter of Mary Stephens,"
21 State Hearing No. 83343118, SH;

22 JANET ELLIOTT in the case of "In The Matter of Janet Elliot,"
23 State Hearing No. 84025102 ALA;

24 FAUSTO R. OSUNA in the case of "In The Matter of Fausto Osuna,"
25 State Hearing No. 8333305 SD;

26 ROSE HILL in the case of "In The Matter of Rose Hill," State
27 Hearing No. 82334009 ALA;

28 / / /

1 JUDITH R. WOODS in the case of "In The of Judith R. Woods,"
2 State Hearing No. 83287144 SJ;
3 NORMA JEAN SMITH in the case of "In The Matter of Norma Jean
4 Smith," State Hearing No. 8419302950 SD;
5 DOTTIE D. ELDER in the case of "In The Matter of Dottie D.
6 Elder," State Hearing No. 84081154 YU;
7 SHARON CALFIOR in the case of "In The Matter of Sharon
8 Calfior," State Hearing No. 83178201 SD;
9 SHARON JONES in the case of "In The Matter of Sarah Jones,"
10 State Hearing No. 83173021 CC;
11 ROBERT WALSH in the case of "In The Matter of Robert Walsh,"
12 State Hearing No. 83194100 SJ;
13 DONNA GONZALES in the case of "In The Matter of Donna
14 Gonzales," State Hearing No. 84006020 PLA;
15 MARIE LORRAINE WISE in the case of "In The Matter of Marie
16 Lorraine Wise," State Hearing No. 84087068 SH;
17 MYRTICE MCCARDIE in the case of "In The Matter of Myrtice
18 McCardie," State Hearing No. 83178229 SM.
19 PAGE ARMSTRONG in the case of "In The Matter of Page Armstrong,"
20 State Hearing No. 83167092 SAC.
21 KIMBERLY HANSON in the case of "In The Matter of Kimberly
22 Hanson," State Hearing No. 84121228 SD.
23 ROSA VOLSTORF in the case of "In he Matter of Rosa Volstorf,"
24 State Hearing No. 84045257 SD.
25 / / /
26 / / /
27 / / /
28 / / /

1 6. The defendant McMahon shall implement this stipulation as
2 follows:

3 (a) issue an All County Information Notice no later than
4 10 days or as soon as administratively feasible from the date of
5 the Stipulated Judgment informing all County Welfare Directors of
6 this stipulated order and the requirements therein. This Stipu-
7 lated Judgment and, if available, a copy of the proposed All County
8 Letter shall be attached to the All County Information Notice.

9 (b) issue an All County Letter that will inform the
10 Directors of the County Welfare Departments of the judgment and
11 instruct them to comply with the judgment. This All County Letter
12 shall be issued as soon as administratively feasible and defendant
13 McMahon will use her best efforts to comply with and expedite the
14 procedures as set forth in Item 5180-101-001 of the Budget Act of
15 1984-85 (Stats. 1984, ch. 258).

16 (c) Amend departmental regulations to eliminate the old
17 lump sum rule and replace it with new regulations promulgated on
18 an emergency basis and based on the new lump sum rule. This amend-
19 ment shall be adopted as soon as administratively feasible and the
20 defendant McMahon will use her best efforts to comply with and ex-
21 pedite the procedures set forth in Item 5180-101-001 in the Budget
22 Act of 1984-85 (Stats. 1984, ch. 258).

23 (d) Immediately, upon entry of this judgment, notify the
24 specific County Welfare Directors in charge of certain named
25 plaintiffs and persons on Addendum A whose names appear in the
26 Supplemental Order to this Judgment and direct those counties to
27 grant relief effective October 1, 1984, in accordance with the
28 supplemental order accompanying this judgment. The administrative

1 decisions of persons with final hearing decisions shall be vacated
2 on an expedited basis to insure prompt relief.

3 (e) Within sixty (60) days from the entry of this
4 judgment, those determinations, decisions or other actions made
5 after April 1982, denying eligibility or grant amounts to those
6 recipients and applicants who are named plaintiffs in this action
7 or whose names appear on Addendum A attached to this stipulation,
8 shall be set aside and restitution shall be provided to such
9 persons insofar as they would have been eligible for AFDC or a full
10 grant amount but for the application of the old lump sum rule.

11 (f) By March 1, 1985, or as soon as administratively
12 feasible, those current or former AFDC applicants or recipients
13 whose eligibility for AFDC or grant amounts were adversely affected
14 by reason of the old lump sum rule shall be notified as provided
15 in §(g) of their ability to apply to have their eligibility deter-
16 mined or grant adjusted in accordance with the new lump sum income
17 rule.

18 (g) Such notification shall be accomplished by mailing
19 notices in English and Spanish in the earliest possible Medi-Cal
20 mailings to recipients of Medi-Cal set forth in Addendum B.

21 (h) Such notice shall form the basis of a poster to be
22 posted in English and Spanish in the lobbies and waiting rooms of
23 all county welfare offices and food stamp outlets. Such posters
24 shall be issued as soon as administratively feasible.

25 (i) Such notice and poster shall be submitted to
26 petitioner's counsel for agreed upon revisions and approval or,
27 if such approval is not obtained, to the Court for approval prior
28 to mailing and posting.

1 (j) An application for determination of eligibility for
2 persons specified in paragraph 4 who apply at anytime within two
3 (2) calendar months from the date of mailing of the notice shall
4 be with a standard application form, and, where possible, with
5 documents in the claimant's existing records and such monthly
6 reports as are necessary. Applications shall be processed promptly
7 but no later than 45 days from the signed application and be effective
8 October 1, 1984, as otherwise eligible. An application for
9 determination of eligibility under this stipulation for persons
10 specified in paragraph 4 who apply after two (2) months from the
11 date of mailing of the stuffer shall be in accordance with existing
12 standard application procedures.

13 (k) The defendant McMahon shall submit to plaintiff's
14 counsel and file a return with the court by July 1985 reporting by county:

15 (1) For claimants identified in Paragraph 6(j)
16 above responding within two (2) calendar months from the mailing
17 of the notice:

18 a) total number of applications;

19 b) total number of applicants

20 granted and denied;

21 c) amounts paid.

22 (2) For named plaintiffs and persons in Addendum A
23 described in Paragraph 6(d) and (e) above:

24 a) disposition of claims;

25 b) amounts paid.

26 (3) Each county shall provide verification to the
27 Department that it is applying the new lump sum income rule to all
28 flagged cases as well as all current cases. As part of the

1 verification process, each county shall supply the Department with
2 the steps taken and the written material, if any, each county has
3 disseminated to implement the new lump sum rule. The Department
4 shall supply plaintiff's counsel with copies of such verification
5 and materials furnished.

6 (l) Nothing in this order shall restrain the Director
7 from acting pursuant to a change in federal or state law concern-
8 ing the definition of lump sum income.

9 (m) Nothing in this judgment forecloses the right of un-
10 identified class members affected by the old lump sum rule from
11 seeking retroactive relief.

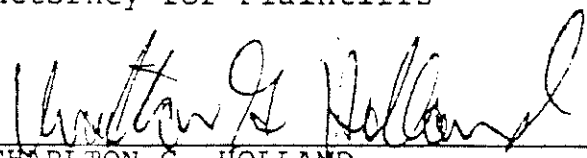
12 (n) The Court is to retain jurisdiction for one (1) year
13 to: (1) insure compliance with the stipulated judgment, and (2)
14 rule on any motion for attorney's fees and costs.

15 SO STIPULATED:

16
17 DATED: 11-6-84


COLLEEN FAHEY FEARN
Attorney for Plaintiffs

18
19
20 DATED: 11-7-84


CHARLTON G. HOLLAND
Supervising Deputy Attorney General
Attorney for Director,
Department of Social Services

21
22
23
24 ORDER

25
26 In light of the above agreement and stipulation thereon
27 and good cause appearing,

28 / / /

1 IT IS HEREBY THE ORDER AND JUDGMENT OF THIS COURT that
2 the terms and conditions of this stipulation shall constitute the
3 injunction and C.C.P. §§ 1085 and 1094.5 writs of this court.
4

5 DATED: NOV 8 1984

WILLIAM T. LEWIS
JUDGE OF THE SUPERIOR COURT

1 ADDITIONAL PERSONS AFFECTED BY DEFENDANTS' LUMP SUM
2 INCOME POLICY WITH ALLEGATIONS OF FACTS MAKING THEM
3 ELIGIBLE FOR RETROACTIVE AFDC BENEFITS

4 Mr. DESI CASTRO currently resides in San Diego County and was
5 affected by defendants' lump sum income policy. On June 29, 1982,
6 Mr. Castro received a Workers' Compensation lump sum payment of
7 \$4031.29. Because of this payment, the county determined that Mr.
8 Castro, his wife and their 5 children would be ineligible for aid
9 from July 31, 1982 through December 1982.

10 Mr. SHELDON EATON was affected by defendants' lump sum income
11 policy. In September 1982, Mr. Eaton received a person injury
12 lump sum payment of \$6,250. On October 15, 1982, San Diego
13 County notified Mr. Eaton that he and his family would be in-
14 eligible for aid for 15 months because of this payment. Mr. Eaton
15 and his family were denied aid from October 1982 through January
16 1984.

17 Mrs. EVA GUZMAN currently resides in Los Angeles County and
18 was affected by defendants' lump sum income policy. In March
19 1984, Mr. Guzman received a Workers' Compensation award of
20 \$3,350. Shortly thereafter, he took all of the award and left
21 the family. On March 20, 1984, the county notified Mrs. Guzman
22 that she and her four children would be ineligible for aid for
23 5 months because of this Workers' Compensation payment. Mrs.
24 Guzman and her family were ineligible for aid from March 31, 1984
25 through August 1984.

26 Mrs. KIMBERLY HANSEN currently resides in San Diego County
27 and is affected by defendants' lump sum income policy. In March 1984, Mr.
28 Hansen received a retirement benefit lump sum payment of \$8,659.70. Mr. Hansen

1 considered the entire payment his separate property. On April 19, 1984, the
2 county notified Mrs. Hansen that she and her two children would be ineligible
3 for aid for 13 months with a deduction of \$534.70 in the 14th month. In
4 April 1984, Mr. Hansen took the remaining money and moved out of
5 the home. Mrs. Hansen and her family are denied aid from April 1,
6 1984 through May 31, 1985.

7 Mrs. CHERYL KOOYERS currently resides in Santa Cruz County
8 and was affected by defendants' lump sum income policy. On
9 December 8, 1982, Mr. Kooyers received a personal injury lump sum
10 payment of \$5,625. The county notified Mrs. Kooyers that she, her
11 husband and her son would be ineligible for aid for 11 months.
12 Mr. Kooyers considered the award his personal resource and kept
13 the money in a separate bank account exerting full control over it.
14 He physically abused Mrs. Kooyers and left the family. Mrs.
15 Kooyers and her son were denied aid from December 1982 through
16 October 1983.

17 Mr. JOSEPH LASISTER currently resides in Orange County and
18 was affected by defendants' lump sum income policy. On September
19 28, 1983, Mr. Lasister received a Workers' Compensation lump sum
20 payment of \$6,600. In November 1983, the county notified Mr.
21 Lasister that he and his two children would be ineligible for aid
22 for 9 months because he received the Workers' Compensation award.
23 Mr. Lasister and his family were denied aid from November 1983
24 through July 1984.

25 Mr. ANDREW LUCERO currently resides in Los Angeles County
26 and was affected by defendants' lump sum income policy. In
27 September 1983, Mr. Lucero received a personal injury lump sum
28 payment of \$15,000. In November 1983, the county notified

1 Mr. Lucero that he and his four children would be ineligible for
2 aid for 21.3 months because of this payment. Mr. Lucero and his
3 family were deemed ineligible for AFDC from December 1983 through
4 September 1985.

5 Mrs. EVELYN MARTINEZ currently resides in Los Angeles County
6 and is affected by defendants' lump sum income policy. In June
7 1983, Mr. Martinez received a Workers' Compensation lump sum pay-
8 ment of \$14,000. On July 8, 1983, the county notified Mrs.
9 Martinez that she, her husband and their 3 children would be
10 ineligible for aid for 20 months because he received the Workers'
11 Compensation award. Mrs. Martinez and her family are ineligible
12 for aid from July 1983 through February 1985.

13 Ms. PHAWN MASON was affected by defendants' lump sum income
14 policy. In April 1982, Ms. Mason received a personal injury lump
15 sum payment of \$10,000, while she lived in Nevada. Ms. Mason was
16 determined ineligible for aid from May 1982 through May 1985 in
17 Nevada. Ms. Mason moved to California in 1983 and applied for
18 aid under California's AFDC Program. Ms. Mason and her two
19 children were denied aid under California's AFDC Program until
20 December 1983, because of the personal injury award.

21 Ms. MARY CLARE MILSAP was affected by defendants' lump sum
22 income policy. In December 1982, Ms. Milsap received a personal
23 injury settlement of \$700.00. On January 19, 1983, the county
24 notified Ms. Milsap that she and her 5 children would be in-
25 eligible for aid for 3 months, with a deduction of \$661 in the
26 fourth month because of this personal injury payment. Ms. Milsap
27 and her children were denied aid from February 1983 through
28 May 1983.

1 Mr. W. J. MULKEY currently resides in San Diego County and
2 was affected by defendants' lump sum income policy. In December
3 1983, Mr. Mulkey received a retirement benefit lump sum payment.
4 On December 5, 1983, the county notified Mr. Mulkey that he and
5 his family would be ineligible for aid for 6 months. Mr. Mulkey
6 and his family were denied aid from January 1984 through June
7 1984.

8 Mr. WILBURN NUNNELLEY currently resides in Shasta County and
9 was affected by defendants' lump sum income policy. In June 1983,
10 Mr. Nunnelley's ex-wife received an erroneous death benefit lump
11 sum payment. The payment was erroneous because Mr. Nunnelley is
12 not dead. The county notified Mr. Nunnelley that he would be
13 ineligible for aid because his two children were living with his
14 ex-wife when she received the erroneous lump sum. Mr. Nunnelley
15 and his children were denied aid from July 1983 through October
16 1983.

17 Mr. WILLIAM THOMPSON currently resides in San Mateo County
18 and is affected by defendants' lump sum income policy. In
19 February 1983, Mr. Thompson received a partial Workers' Compensa-
20 tion lump sum payment of \$3140. In June 1983, Mr. Thompson
21 received his final Workers' Compensation settlement of \$8,438.42.
22 The county notified Mr. Thompson that he, his wife and their two
23 children would be ineligible for aid for 14 months. Mr. Thompson
24 and his family were deemed ineligible from August 1983 through
25 October 1984.

26 Mr. JOHN WARDROP currently resides in Santa Barbara County
27 and was affected by Defendants' lump sum income policy. In March
28 1984, Mr. Wardrop received a Workers' Compensation lump sum

1 payment of \$2233.00. On March 8, 1984, the county notified Mr.
2 Wardrop ~~that he~~ and his child would be ineligible for aid for 6
3 months because he received the Workers' Compensation award. Mr.
4 Wardrop and his family were denied aid from March 1984 through
5 August 31, 1984.

6 Ms. MARIA ZEDAKER currently resides in Butte County and was
7 affected by defendants' lump sum income policy. In March 1983,
8 Richard Morse, who is a member of the F.B.U., received a personal
9 injury settlement of \$687.61. On April 9, 1983, the county
10 notified Ms. Zedaker that her May 1983 grant would be reduced
11 by the amount of the personal injury settlement because the
12 settlement was counted as income.

13 Mr. ALFREDO SERNA currently resides in Santa Clara County
14 and was affected by defendants' lump sum income policy. In
15 November 1983, Mr. Serna received a Workers' Compensation lump
16 sum payment of \$5000.00. In December 1983, the county notified
17 Mr. Serna that he, his wife and two children would be ineligible
18 for aid for 9 months because of this payment. Mr. Serna and his
19 family were denied aid from January 1984 through September 1984.

20 Ms. KAREN THOMPSON currently resides in Sonoma County and
21 was affected by defendants' lump sum income policy. In September
22 1984, Ms. Thompson received a person injury lump sum payment of
23 \$1275.00. In September 1984, the county notified Ms. Thompson
24 that she and her child would be ineligible for aid for 2 months
25 because of this payment. Ms. Thompson and her family currently
26 are denied aid and are awaiting a hearing on this matter on
27 October 30, 1984.

28 / / /

1 Ms. MARIA ESTEVES currently resides in San Diego County and
2 is affected by defendants' lump sum income policy. On July 13,
3 1984, Ms. Esteves received a Workers' Compensation lump sum
4 payment of \$6820.00. Because of this payment the county deter-
5 mined that Ms. Esteves and her 9 children would be ineligible for
6 aid from September 1984 through July 1985, yet she did not receive
7 written notice until October 12, 1984. Ms. Esteves and her family
8 are currently denied aid.

9 Ms. MONA LISA SCOTT currently resides in San Diego County
10 and is affected by defendants' lump sum income policy. In June
11 1983, Ms. Scott received a personal injury lump sum payment of
12 \$1000.00. In July 1983, she received a personal injury lump sum
13 payment of \$426.00. Because of these payments the county deter-
14 mined that Ms. Scott and her 3 children would be ineligible from
15 September 1983, to April 1984, based on the erroneous sum of
16 \$3464.00. The county neglected to deduct the liens that were
17 paid from the total payment. Ms. Scott subsequently received
18 notice in March 1984, from the county that her monthly grant
19 would be reduced because of the receipt of the payment.

20 Ms. PAGE ARMSTRONG currently resides in Sacramento County
21 and is affected by defendants' lump sum income policy. On
22 April 29, 1983, Ms. Armstrong's husband received a personal injury
23 lump sum payment of \$20,279.13. Shortly thereafter, in May 1983,
24 Mr. Armstrong left the family taking his award with him. Ms.
25 Armstrong never had any of the money. Because of this payment,
26 the county determined that Ms. Armstrong and her child would be
27 ineligible for aid for 35 months. Ms. Armstrong and her family
28 are ineligible for aid until August 1986.

1 Ms. PAMELA ABREW currently resides in Yuba County and was
2 affected by defendants' lump sum income policy. On April 13, 1984,
3 Ms. Abrew received a personal injury lump sum net payment of
4 \$2341.42. Because of this payment the county determined that Ms.
5 Abrew and her child would be ineligible until September 1984, with
6 a carryover of \$179.64 in that month.

7 Mr. RICHARD CHITTENDEN currently resides in Yuba County and
8 was affected by defendants' lump sum income policy. In January
9 1983, Mr. Chittenden won \$1300.00. The county determined that he,
10 his wife, and their 2 children would be ineligible for aid for the
11 months of March and April 1983, with a carryover of \$98.00 in
12 May, 1983.

13 Ms. DIANE ENDSLEY lives in Sutter County and was affected by
14 defendants' lump sum income policy. In June 1982, Ms. Endsley
15 received an inheritance of \$10,162.58. The county determined Ms.
16 Endsley and her child ineligible for aid until June 30, 1984. Ms.
17 Endsley moved to Yuba County and reapplied for aid in December 1982.
18 Yuba County denied her aid and upheld Sutter County's determination
19 that she be ineligible for aid until June 30, 1984.

20 Ms. CANDICE SCOTT resides in Shasta County and is affected by
21 defendants' lump sum income policy. In November 1982, she received
22 a personal injury payment of \$13,387.00 for herself and 1 child who
23 were badly injured in a car accident.

24 In December of 1982, she received a Notice of Action stating
25 that she and the child would receive no aid from December 1982,
26 to September 1985. In April 1983, she reapplied for aid. She was
27 told she could receive no aid until September 1985.

28 In September 1984 she reapplied again because she was staying

1 with friends and receiving only food stamps. Once again, she was
2 told she could have no aid until September 1985. County Mental
3 Health has said she is disabled. Her son is severely traumatized
4 by the accident and is in special education classes because he
5 can't speak, although he is 5 years old.

6 Ms. DEBORAH STEFFEY currently resides in Shasta County and is
7 affected by defendants' lump sum income policy. In June 1982, Ms.
8 Steffey received her father's death benefit insurance payment of
9 \$11,000.00. She spent almost one-half of it on her father's
10 funeral and other expenses associated with his illness. In
11 January of 1983, her mother took the balance of \$5600.00 out of
12 their joint checking account. In March of 1984, she reapplied
13 for AFDC but was told that she and her child could have no aid
14 until November 1984. She appealed this at the Welfare Office,
15 but nothing happened. She went to see Legal Aid in Shasta County
16 in September of 1984. She will reapply and ask for a hearing
17 again.

18 Ms. EDIE DOREEN BENNETT currently resides in Yuba County and
19 is currently affected by defendants' lump sum income policy. In
20 June 1984, Herschel Castle, the father of her children, received
21 a personal injury lump sum net payment of \$4502.40. On July 10,
22 1984, the county notified Ms. Bennett that she and her children
23 would be ineligible for aid for 9 months with a remainder of \$62.41
24 in the 10th month because of the receipt of this payment. Ms.
25 Bennett never had access to any of the money. Mr. Castle spent
26 the entire award and left.

27 Ms. Bennett requested a hearing in August 1984 and is
28 receiving Aid Paid Pending. The hearing is scheduled for

1 November 8, 1984. If Ms. Bennett does not prevail at hearing,
2 she will owe an overpayment and she and her family will be
3 ineligible for aid until May 1985.

4 Ms. DEBBIE NIX currently resides in Yuba County and is
5 affected by defendants' lump sum income policy. In August, 1984
6 Ms. Nix received a Worker's Compensation payment of \$650.00. On
7 September 17, 1984, the county notified Ms. Nix that her October
8 grant, \$660, would be reduced by the amount of the award, \$650,
9 leaving the family with only a \$10 grant for the month of
10 October 1984.

11 Ms. GLORIA J. HANSEN currently resides in Yuba County and is
12 affected by defendants' lump sum income policy. In July 1984 Ms.
13 Hansen received a personal injury lump sum payment of \$2431.48.
14 On August 16, 1984, the county notified Ms. Hansen that she and
15 her five children would be ineligible for aid for three months
16 because of the receipt of the payment. Ms. Hansen and her family
17 are ineligible for aid from September 1, 1984, through November,
18 1984.

19 DORIS and MICHAEL LANGDON currently reside in Humboldt
20 County and are affected by defendants' lump sum income policy. In
21 November, 1983, Mr. Langdon received a Worker's Compensation lump
22 sum payment. In April, 1984, the county notified Mr. Langdon
23 that he, his wife and their child were ineligible for aid for
24 January, February and March, 1984. The Langdons had a hearing on
25 August 9, 1984 and lost that hearing on September 25, 1984. They
26 now are being recouped for the alleged three month overpayment.

27 Mr. ANDREW LUCERO currently resides in Los Angeles County,
28 and was affected by defendants' lump sum income policy. In

1 September, 1983, Mr. Lucero received a \$15,000 Worker's Compensa-
2 tion payment. The county disqualified Mr. Lucero and his four
3 children for aid for 21.3 months because of this payment. Upon
4 receipt of the lump sum, Mr. Lucero paid outstanding loans to
5 relatives of \$13,700.00. The remaining \$1300.00 was used for
6 normal living expenses and was exhausted quickly. Between
7 December, 1983, and June, 1984, the family's only income was Mrs.
8 Lucero's meager earnings in January and February 1984 of approxi-
9 mately \$300 - \$400. During the time between December, 1983 and
10 June, 1984 Mr. Lucero was forced to borrow money because his family
11 had no income. In June, 1984, Mr. Lucero became employed. The
12 county's denial of aid to the Lucero family left them without
13 income or aid from December, 1983 through June, 1984.

14 Ms. CLAUDIA NELSON-HUGGINS currently lives in Humboldt
15 County and was affected by defendants' lump sum income policy.
16 In July of 1982, she anticipated and reported the imminent receipt
17 of a \$4,050.00 personal injury settlement. As a result of this
18 report, she received a Notice of Action in July, 1982, from the
19 county stating that she and her one child would be ineligible for
20 full aid from July 31, 1982, through May, 1983. She received
21 the personal injury settlement on August 13, 1982, and remained
22 ineligible for full aid through May, 1983, even though she was
23 not on aid when she received the lump sum payment.

24 Ms. LINDA MASTERS and her child currently live in Humboldt
25 County and were affected by defendant's lump sum income policy.
26 On January 9, 1984, the father of the child received a lump sum
27 personal injury insurance settlement of \$3691.50. He was a
28 woman beater and considered the \$3691.50 his own. On January 16,

1 1984, he left Ms. Masters and the child. On January 27, 1984,
2 she received a Notice of Action from the county stating that the
3 entire family budget unit would be ineligible for aid from
4 February 28, 1984, to May, 1984. On March 21, 1984, he requested
5 a hearing and on June 22, 1984, the state upheld the county's action.

6 Ms. PAMELA SOREM lives in Humboldt County and was affected
7 by defendant's lump sum income policy. On January 8, 1983, she
8 received a personal injury award of \$1500. The county deducted
9 medical and general damages and counted the net \$297 payment as
10 income. Under prior month budgeting, the county counted \$297
11 against her March, 1983, grant payment. Ms. Sorem received a
12 final decision on this matter on April 14, 1983, in which the
13 state upheld the county's decision.

14 Mr. and Mrs. LEENA and DANIEL FULLER and their children live
15 in Humboldt County and were affected by defendants' lump sum
16 income policy. On July 14, 1983, Mr. Fuller received a total lump
17 sum inheritance from his deceased mother's estate of \$5751.63.
18 The county deducted attorney's fees, funeral and medical expenses
19 and counted the net sum of \$4484.43. On August 8, 1983, Mr.
20 Fuller, who is developmentally disabled, waived his ten (10) day
21 notice requirement and received a Notice of Action canceling
22 his August 15th checks. The notice said that the entire develop-
23 mentally disabled family could receive no aid from August 15, 1983,
24 through June, 1984. The Fullers ran out of the lump sum payment
25 by the fall of 1983, but remained ineligible through June, 1984.

26 Ms. MARY RICHARDS currently resides in Humboldt County and
27 is affected by defendant's lump sum income policy. On August 20,
28 1984, Ms. Richard's grandfather presented a check to be put into

1 escrow on a house in which she and her child are now living. She
2 put ~~the~~ entire amount into escrow for the house. She now hears
3 from her eligibility worker that the county plans to count the
4 amount as income and make her family ineligible for almost two (2)
5 years. She fears that Humboldt County intends to give her a
6 Notice of Action regarding this matter in November, 1984.

7 Ms. KEVAN MARIE BRADY and her two (2) children live in San
8 Diego County and currently are affected by defendants' lump sum
9 income policy. In November, 1982, she received \$9,000 as a wrong-
10 ful death settlement regarding her mother. She called the Department
11 of Revenue and Recovery who told her it was unnecessary to report
12 the receipt of the income. She then spent the sum on needed
13 furniture, food, clothes, visitation of relatives and rent pay-
14 ments. In January, 1984, Ms. Brady received a \$20,000 payment on
15 behalf of her mother's death settlement. Again, she used the
16 money on needed furniture, food, personal loans and rent payments.
17 On August 5, 1984, (they dated it July 1, 1984), client received
18 a Notice of Action stating that the entire family would be in-
19 eligible for 70.2 months, or from September of 1984 to June of
20 1990, because she received \$9,000 in November of 1982 and \$30,000
21 (really \$20,000) in January of 1984. The county did not declare
22 her ineligible from the time of receipt in November of 1982 and
23 January of 1984. In October of 1984, Revenue and Recovery sent a
24 Notice of Action stating that she was overpaid \$3802 from
25 January, 1984 to October, 1984. Ms. Brady has had no aid from
26 August 15, 1984, to the present because of the receipt of the
27 wrongful death benefits.
28

1 Ms. ISIDRA CALLEJAS currently resides in Alameda County and was
2 affected by defendants' lump sum income policy. In November 1982,
3 Ms. Callejas received a Worker's Compensation lump sum payment of
4 \$9757.00. The county terminated the aid of Ms. Callejas and her
5 eight (8) children in December of 1982 for 12 months with a deduc-
6 tion of \$897 in the 13th month. Ms. Callejas requested a hearing
7 in February 1983. The county's action was upheld in May, 1983,
8 and Ms. Callejas and her family were determined to be ineligible
9 for aid from December 1982 through November 1983 because of the
10 Worker's Compensation payment.

11 Ms. LINDA ELLEN TYNER currently resides in San Diego County
12 and is affected by defendants' lump sum income policy. In January
13 1984, Ms. Tyner's house was ordered sold in Santa Cruz County.
14 She received \$8712 net for the sale of the house. On February 3,
15 1984, the county notified Ms. Tyner that she and her two (2) children
16 would be ineligible for aid from February 1984 through April 1985,
17 because she received payment for the house. In April 1984, Ms.
18 Tyner moved to Santa Cruz County and applied for aid in July 1984.
19 Santa Cruz County granted her aid. They did not count the lump
20 sum as income. On September 5, 1984, Ms. Tyner moved back to San
21 Diego. Santa Cruz County paid her September and October grants,
22 but San Diego County Welfare states that it refuses to continue
23 her aid. In October, 1984, Ms. Tyner requested a hearing. She
24 is receiving aid paid pending the hearing from Santa Cruz County.
25 If she does not prevail at her hearing, she and her family will
26 receive no aid paid pending past the hearing date and no aid until
27 April 1985.
28

ADDENDUM B

Aid Codes

03 Medically Indigent - Aid to Adoption Program
04 Medically Indigent - Aid for Adoption of Children
Program
06 Cash Grant - Emergency Assistance - Unemployed Parent
30 Cash Grant - AFDC - FG
32 Cash Grant - AFDC - FG Money Management
33 Cash Grant - AFDC-U Money Management
34 Medically Needy - AFDC - MN-No Share of Cost
35 Cash Grant - AFDC-U
36 20% Social Security Increase - AFDC - 20% SS
37 Medically Needy - AFDC-MN - Share of Cost
38 Cash Grant - Edwards v. Myers - Continuing Medi-Cal
Eligibility
39 Cash Grant - Four Month Continuing
40 AFDC-BHI
42 AFDC-BHI-FED
44 AFDC-BHI-MN
45 Children in Foster Care (under 21) Supported in Whole
or in Part by Public Funds (FFP)
46 AFDC-BHI-20% SS
47 AFDC - BHI-MN
81 Medically Indigent - 21 years or older
82 Medically Indigent - Under 21 years - No Share of Cost
83 Medically Indigent - Under 21 - Share of Cost
86 Medically Indigent - Confirmed pregnancy - No Share
of Cost
87 Medically Indigent - Confirmed pregnancy- Share of
Cost